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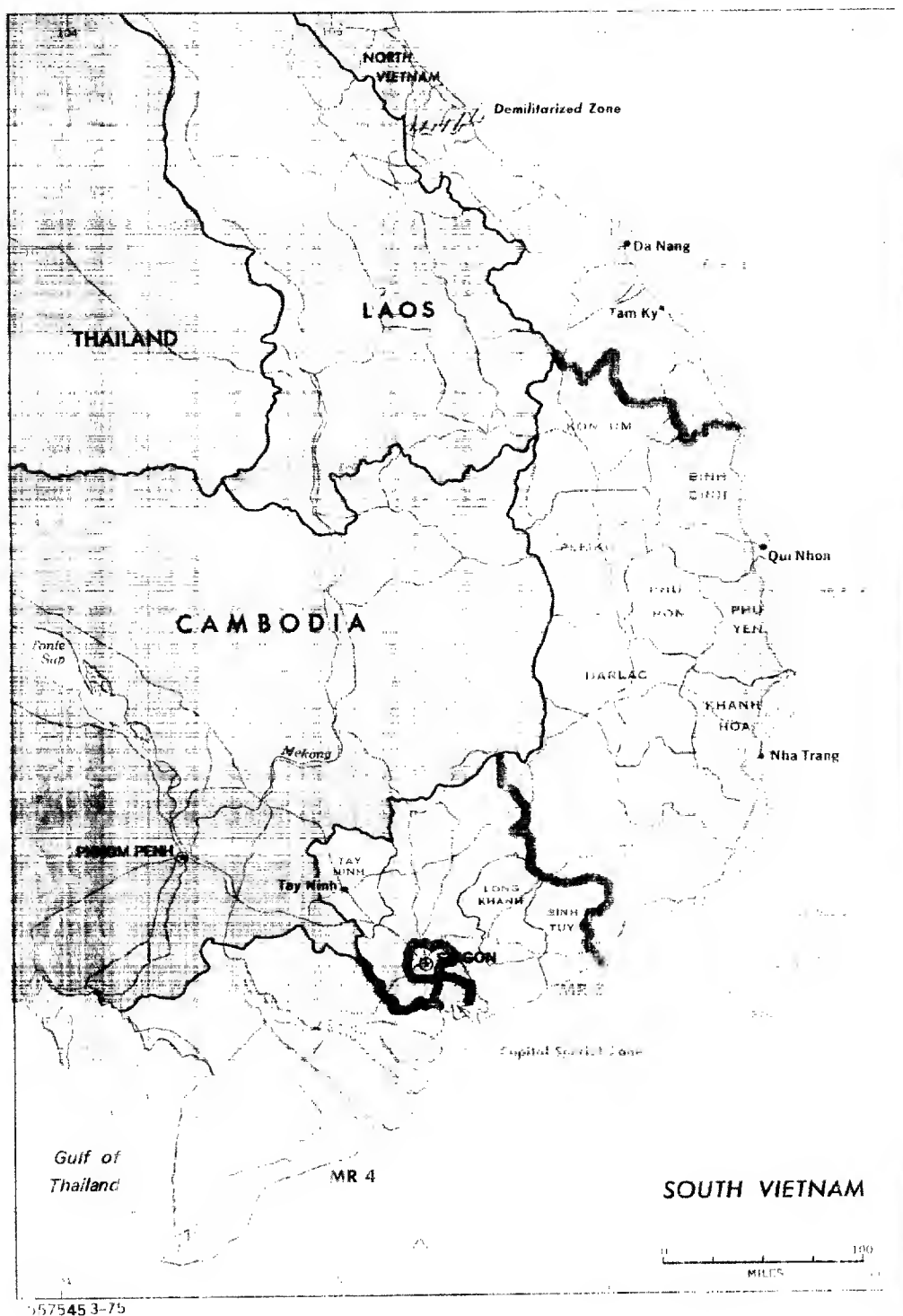
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SOUTH VIETNAM

Communist forces in the northern half of the country now seriously threaten not only Da Nang but important coastal cities farther south, including Qui Nhon and Nha Trang.

In a well-coordinated and rapid movement, the communists have placed at least one artillery and five infantry regiments in Khanh Hoa Province, where they pose a powerful threat to the city of Nha Trang. The North Vietnamese 320th Division, which was in the highlands last week, now has an advance unit in Phu Yen Province. Other communist units from the highlands may also be heading for Binh Dinh Province to reinforce the North Vietnamese 3rd Division in a move against Qui Nhon.

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The North Vietnamese have been reacting with uncharacteristic speed to the rapid pullback and collapse of South Vietnamese forces in the northern half of the country. Last week, communist commanders in the central provinces moved rapidly to deploy at least two regiments from Darlac to Phu Bon Province to head off the government column trying to reach the coast from Kontum and Pleiku provinces. The commanders are traditionally conservative and inflexible, and slow to take advantage of unexpected battlefield developments. Restructuring of the communist military command and control apparatus, however, has been going on for a year or so, and may have contributed to an improved ability to respond quickly.

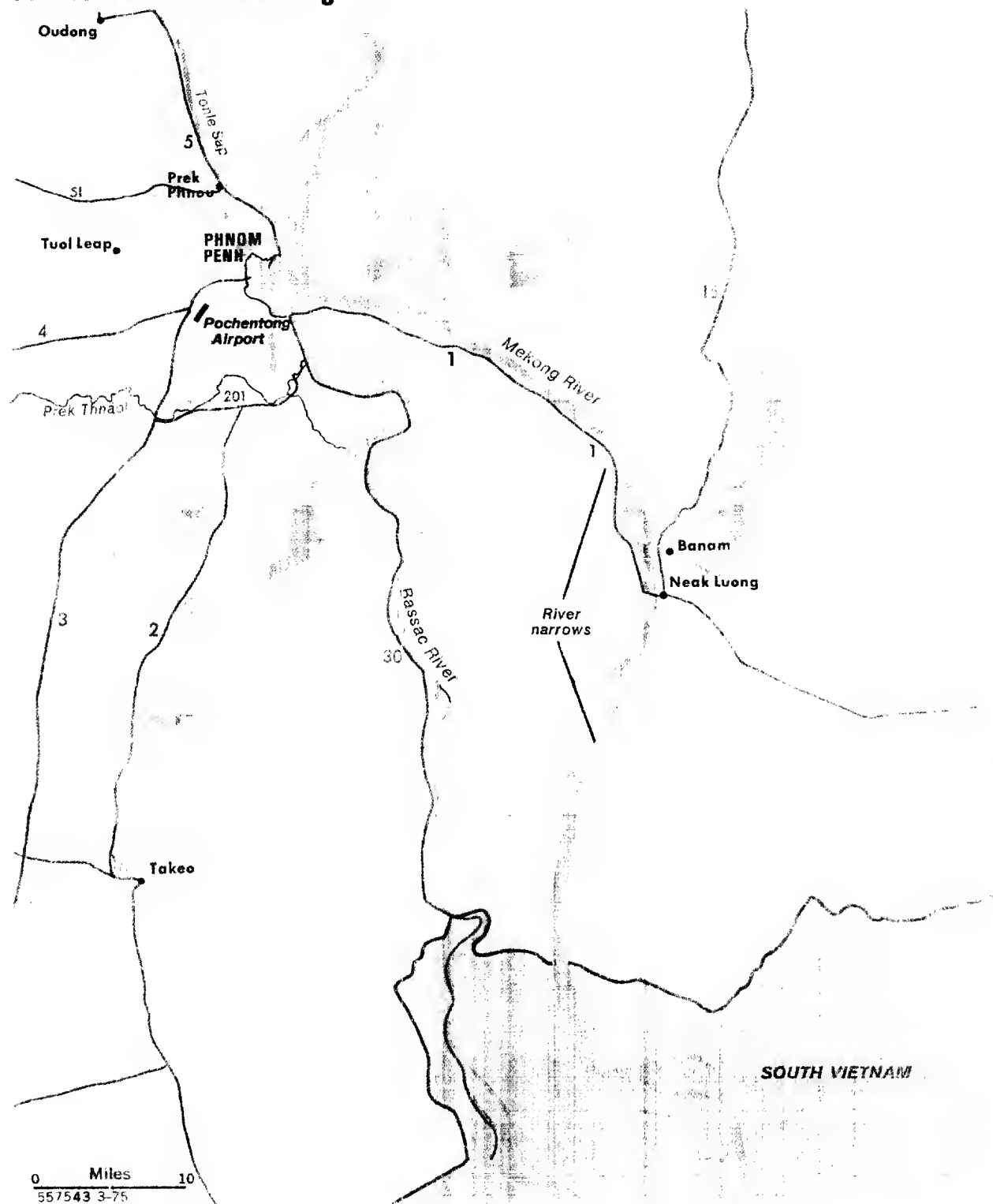
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The heaviest fighting continues northwest of Saigon, where South Vietnamese forces are holding blocking positions along the roads linking Tay Ninh with the capital.

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**Cambodia: Lower Mekong**

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CAMBODIA

Insurgent forces have reoccupied Tuol Leap, causing the Cambodian army defenders to fall back to new positions about a mile to the east. The communists had positioned 105-mm. howitzers near Tuol Leap when they held the town early this month, and renewed shelling of Pochentong airfield from this area can be expected.

Little progress has been made by the army in its attempts to retake the three positions south of Tuol Leap that were lost over the weekend. One has been reoccupied, but operations against the remaining two, although meeting light resistance, reportedly are being hindered by mines.

Northeast of Tuol Leap, government forces backed by armored personnel carriers briefly penetrated into the "rocket belt" yesterday, before pulling back for the night. Rocket attacks against the airfield and capital continued yesterday, without disrupting airlift operations.

In the capital's northwest sector, insurgent pressure continues along Route 51. The Cambodian army's 7th Division remains hampered by logistical problems and a shortage of personnel.

Along the Mekong River, Banam came under ground attack Tuesday, but the defenders were able to hold.

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SAUDI ARABIA

The accession of Crown Prince Khalid to the Saudi Arabian throne yesterday smoothly followed arrangements worked out by King Faysal several years ago. Shortly after Faysal was murdered, five senior members of the royal family--including Prince Fahd, who is expected to emerge as the country's strongman--met to ratify the succession agreement

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Following his investiture, Khalid promptly named Fahd crown prince.

Jidda and Riyadh are calm. The national guard--the mission of which is to protect the royal family--is on alert, but there have been no unusual troop movements.

There is no information to suggest that the assassin had any accomplices.

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A brother was killed about ten years ago by Saudi police during a religious protest against the introduction of television to Saudi Arabia.

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It is not clear whether Fahd has been named prime minister. Some press reports have referred to him as "first deputy prime minister," the position Khalid held until he became King. Faysal had been his own prime minister and Khalid may have followed that pattern.

Faysal had character, style, and accomplishments that any successor will find it hard to match. Faysal had an aura that gained respect, both at home and abroad. Both Khalid and Fahd are likely to be more accessible, but their views will be given less weight.

The New Crown Prince

Prince Fahd has clearly been the number-two man in the Saudi hierarchy for several years; officially he has been serving as interior minister and second prime minister.

In past years, he has taken new initiatives and begun to exercise more influence in government, especially in foreign policy matters. Fahd, in his early fifties, has probably been the most important spokesman in the Saudi establishment for close ties with the US. He is not uncritical about some aspects of US-Saudi relations, especially what he regards as the slow pace of US arms deliveries.

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Prince Fahd is regarded as more a proponent of domestic political reform and of an enlarged social welfare program than most Saudi leaders. He has on occasion espoused in family circles the eventual appointment of a consultative assembly in order to broaden political participation and satisfy some of the quietly voiced political demands of the growing middle class.

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Fahd has recently become more confident and assertive in foreign affairs. Although concerned about leftist activity in Saudi Arabia and the radicalism of some Arab states, Fahd has been a proponent in Saudi circles of a less aggressive stance toward the leftist regime in South Yemen--hoping to use the financial carrot to modify Aden's policies. He was scheduled to visit Iraq in early April--a move which may have been intended as part of an Arab effort to moderate Baghdad's domestic policy and lessen the dependence on the Soviet Union. Fahd has played virtually no role in Arab-Israeli affairs/

He would probably be more receptive to cooperating with the Shah of Iran in regional security matters than was King Faysal.

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MIDDLE EAST

Egyptian President Sadat's stock has gone up appreciably in much of the Arab world following the breakdown in disengagement negotiations. Egyptian spokesmen are capitalizing on Sadat's new popularity, as long as it lasts, to solidify Egypt's position with the Arab states. The effect could be a hardening of Egypt's stance on dealings with Israel.

Arab press commentators have hailed Sadat's steadfastness in refusing to commit Egypt to a nonbelligerency pledge with Israel

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Egyptian press and radio commentators have reflected this confidence, portraying the breakdown in the talks not as a failure but as a victory for the justice of the Arab cause and as proof of Israeli iniquity. The commentators have called unanimously for a return to the Geneva conference, emphasizing less that Geneva will provide a forum for negotiations than that it will be another arena for political "confrontation" with Israel. All editorialists have raised the threat of force as an alternative the Arabs are ready and able to use if the Israelis "procrastinate" further.

No Egyptian has outdone Foreign Minister Fahmi in emphasizing the firmness of Egypt's commitment to the Arab cause, its leadership of that cause, and its harsh denunciation of the Israeli position. During his emotional speech to the Arab League foreign ministers' meeting on Monday, Fahmi dwelled at length on the need for Arab solidarity in the aftermath of the breakdown in

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negotiations. He concluded his speech with a call on the Arabs to join forces and to isolate Israel from "the international community and at the United Nations and international organizations, like South Africa and Rhodesia."

Much of the Egyptian rhetoric can be attributed to an effort to use the current adulation being accorded Sadat to reassert his waning position of leadership among the Arabs. Egypt's effort to cover its negotiating failure with expressions of a new solidarity with the Arabs, however, risks locking it into an immovable position against Israel. The Arabs are likely soon to expect that assertions of leadership be given substance by the adoption of inflexible positions.

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PORTUGAL

The Portuguese Communists have strengthened their representation in the new government announced in Lisbon yesterday, although the two major non-communist parties are still represented in the cabinet.

The new 21-man cabinet is comprised of 13 civilians and 8 military officers. Four parties are represented: the Communist, Socialist, and Popular Democratic parties and the Portuguese Democratic Movement, a Communist-dominated organization that enters the government for the first time. An independent who is sympathetic to the Democratic Movement was named economic coordination minister, giving the Communists greater influence in economic decisions.

The leaders of the four political parties were named ministers without portfolio. Socialist leader Soares was replaced as foreign minister by Major Melo Antunes, a Marxist who has generally been associated with the moderate wing of the Armed Forces Movement. Antunes will probably give Portuguese foreign policy a stronger Third World flavor, but he is not likely to press for major changes in Portugal's ties to the West.

Despite the demotion of Soares, the moderates came through the shuffle with some pluses. Justice Minister Zenha, a Socialist who was rumored to be on the way out, stays on, and the Popular Democrats are still represented, despite a concerted effort by the Communists to have them ousted.

A major loss for the moderates was the removal from the cabinet of Vitor Alves, a moderate member of the Armed Forces Movement

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Although civilians constitute a majority in the cabinet, military officers hold most key positions, including that of prime minister and foreign minister, as well as the labor, defense, internal administration, public services, and social communications portfolios. Prime Minister Goncalves said recently that the military will stay in the government for another three to five years.

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In a discussion with Ambassador Carlucci yesterday, President Costa Gomes suggested that events had taken Portugal further to the left than he had expected. Costa Gomes emphasized, however, that Portugal does not plan to reduce its commitment to NATO and that once the African situation is settled, more Portuguese troops will be placed at the disposition of the Alliance. He complained about Lisbon's exclusion from access to NATO's nuclear information.

The President blamed the recent violence in Portugal on Communists and non-Communists alike, and assured Ambassador Carlucci that the government is determined to hold the election next month on schedule.

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**TURKEY-CYPRUS**

A Turkish Foreign Ministry official claims that Ankara has evidence President Makarios is financing and arming a new terrorist organization which plans action against Turks on Cyprus and elsewhere. The official told the US embassy that Turkey will respond "very forcefully" if Greek Cypriots resort to this kind of activity.

The Turks may be referring to the activities of Vassos Lyssarides, a pro-Makarios politician, whose leftist party has its own paramilitary force and is gaining favor among Greek Cypriot refugees.

The possibility of officially sanctioned Greek Cypriot terrorist activity at some future time cannot be excluded, but Makarios will first want to exhaust all diplomatic options before adopting such a desperate and dangerous course. As Greek Cypriot frustrations grow, however, radical splinter groups and individual Greek Cypriots may take actions on their own that could provoke a strong Turkish response.

The Foreign Ministry official also expressed his personal opinion that the initiation of any Greek Cypriot terrorist activity would make it difficult for Ankara to participate in negotiations over Cyprus.

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PANAMA

General Torrijos got the support he wanted from his three-day conference with the presidents of Colombia, Costa Rica, and Venezuela. At the conclusion of the meeting on Monday, the chief executives signed a "Declaration of Panama," pledging support for Panama's aspirations in the canal treaty negotiations and calling on other Latin American governments to make the same commitment.

Colombia promised to give up its claim to special canal privileges, once Panama signs a new treaty with the US. In return, Torrijos offered to exempt citizens and products of both Colombia and Costa Rica from any taxes and duties not levied on Panamanians and to permit navy ships and war materiel of the two countries to pass through the canal without paying tolls.

The four leaders almost certainly discussed such other topics as the impact of the US Trade Act and the proposal of Mexico and Venezuela for a Latin American Economic System. These were not, however, reflected in the final declaration, probably because Torrijos wanted to avoid diverting attention from the canal issue.

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**EGYPT-FRANCE**

Cairo's acquisition of a new version of the French Mirage 5 fighter-bomber is part of a recent program to improve the ground attack capability of the Egyptian air force. Nine new Mirage 5s have been delivered to Egypt; at least two of them are trainer versions.

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The Egyptian air force flew and maintained about 30 Mirage 5s on loan from Libya for about a year, beginning in late spring of 1973. The Egyptians, therefore, should be able to integrate the new version of the aircraft into their force. A total of 38 Mirages are believed to have been purchased by Saudi Arabia for delivery to Egypt.

About three fourths of the Egyptian fighters have a primary air defense mission, while the remainder are equipped for ground attack. The SU-20 Fitter C and MIG-23 Flogger fighter-bombers from the Soviet Union, and the Mirage 5s, will probably be used in attack roles. Over the long term, Egypt will likely replace the older Soviet fighters in its inventory with later model Soviet and French aircraft.

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SOMALIA

A power struggle is apparently going on within the Somali hierarchy. The kidnaping of the French ambassador in Mogadiscio on Sunday could be related to these developments.

According to the US embassy in Mogadiscio, reports are circulating in the capital that President Siad has confined his longtime rival, Defense Minister Samantar, to a military hospital and has arrested 20 of the more radical members of the office of the presidency for plotting to oust him. Samantar and the others were said to be responsible for the distribution in recent weeks of tracts demanding that Siad step down because of irregularities in the distribution of aid to Somali drought victims.

Diplomatic sources in Mogadiscio claim that the kidnaping of French Ambassador Guery was engineered by Siad's opponents to embarrass him by creating the impression he has little control over domestic security. Guery, who is being held hostage in a Mogadiscio villa, was seized by men who made a concerted effort to attract attention. The abductors claimed membership in a group seeking independence for the neighboring French Territory of the Afars and Issas. The Italian embassy, acting as the intermediary in the effort to secure Guery's release, reports the abductors are demanding the release of two colleagues held in French jails and the payment of a \$100,000 ransom. Paris has agreed to the demands.

Siad could be faced with a dilemma in deciding what further actions to take against Samantar and the other alleged plotters. Although Samantar has no strong tribal base, he is said to have substantial support in the Somali military.

Samantar and the other plotters have strong links to the Soviet embassy, but it is not clear what role if any the Soviets played in the activity to oust Siad. The US embassy speculates that the plotters acted on their own initiative and were relying on Soviet support if they succeeded, or protection if they failed.

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Although the Soviets were probably in contact with the plotters, Moscow would have had little reason to cause trouble for Siad. In the last few years, the Somali President has granted the Soviets military facilities at the port of Berbera.

In any event, the Samantar affair is likely to be a setback to Soviet interests in Somalia. Siad probably will not take any strong action against the Soviets that could end their military assistance, but the affair will reinforce widespread Somali suspicions of Soviet intentions in the country.

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## FOR THE RECORD

Ethiopia: According to the US embassy, it was probably a belief among members of the ruling military council that Ethiopian exiles loyal to former crown prince Asfa Wossen were ready to form a government in exile in London which triggered the announcement last week formally abolishing the 3,000-year-old monarchy. The council, which had been moving gradually toward ending the monarchy since deposing Haile Selassie last September, probably will next declare Ethiopia a republic. The council had designated Asfa Wossen as king after deposing Haile Selassie, but the former crown prince refused to return from Europe, where he has been undergoing treatment for the effects of a stroke suffered in early 1973.

Japan: Tokyo has moved once again to ease its monetary and fiscal policies, the second shift in two months. The policy package announced yesterday is similar to moves in February. Both involve easier lending policies, additional government loans to industry, the inclusion of more jobless workers in the unemployment insurance system, and an acceleration of government investment expenditures. The measures, however, are important more for their psychological impact than for their substance. Japan's economic decline is continuing, and recovery even with these measures will be slow. Another fall in real gross national product this year is a distinct possibility.

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